

A COMMENTARY ON WHAT IS CO-OPERATION:

A DIFFERENT FORM OF ORGANISING WORK

BY

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Cooperation challenges the imperatives, objectives and processes of other forms of organisation. The challenge lies in the democratic structure and character of cooperatives. The realisation of this challenge is, however, dependent on the development of a coherent cooperative sector and movement conscious of its own ideology and organisational practice. It depends on a cooperative sector and movement that is both able and willing to make the challenge.

The essential virtue of the Hon. Race Mathews' paper is that it asks why not - why not challenge other forms of business and develop the potential of the cooperative sector and movement. In commenting on the paper I wish to focus on three issues:

The theory and practice of cooperative philosophy and principles.

Cooperative education as a guarantee of cooperative philosophy, principles and practice.

How financing of cooperatives can help or hinder cooperative philosophy, principles and practice.

Individuals working together to achieve common ends is the nature of cooperation. The conceptual basis of cooperation is a cooperative ideology - the philosophy and principles of cooperation. Although the philosophy and principles of cooperation have remained basically unchanged their interpretation and application has differed and changed.

Cooperation as a different form of organising work can be seen as both a question of ends (the goal of work) and means (the practice of work). The ends of a cooperative (surplus and service) and a company (profit) may be different but the means may be the same - hierarchical, bureaucratic and competitive work practices. Cooperatives approach ends and means differently.

Cooperatively working is dependent on a cooperative theory and practice. This necessitates a distinct cooperative structure and form of entrepreneurialism, management, industrial relations, education and training, work process and occupational health and safety.

Consensus, consistency and commitment are critical to cooperative philosophy and principles. There must be a consensus on the philosophy, the principles and their application. There must be a consistency between interpretation and application. There must be a commitment to understanding and implementing cooperation.

There are three possible explanations when there is a lack of consensus, consistency and commitment within and between cooperatives.

First, cooperative philosophy and principles could be ambivalent and inappropriate. This reduces the possibility of a realistic and consistent application. While the principles of cooperation are clear these are not easily related to broader philosophical assumptions regarding mutuality, self-help, equity and independence from Government.

Second, an inconsistent and divergent application suggests that practitioners do not necessarily accept and apply cooperative philosophy. Cooperation has a seductive appeal which attracts as many dilettantes as serious practitioners. The dilettantes refuse to come to terms with cooperative ideology and practice.

Third, cooperative practice as codified in legislation and regulations could be inconsistent with cooperative philosophy and principles. Victoria's Cooperation Act 1981 inhibits democracy in cooperatives and, indeed, assumes a rather conventional decision-making structure.

The specific legislative constraints include the required Board of Directors, a maximum number of directors, the powers of directors, the powers of general meetings and limiting worker directors to one. The problem of the current legislation is its inflexibility. The legislation makes it difficult to develop cooperative democracy. Industrial democracy is a consistent application of cooperative philosophy and principles. New legislation should allow for flexibility in democratic structure and Practice.

There are two factors which are critical to guaranteeing and protecting cooperative philosophy and principles - a firm educational and financial base.

The Ministry of Employment and Training has been working with Preston TAFE to develop two education courses for cooperative business enterprises. The courses do not, of course, meet the full demand for cooperative education. The courses are in a developmental phase. Structure and content are being revised on an ongoing basis. The process of developing specifically cooperatively grounded and oriented courses is a cultural, educational and organisational problem in Australia that should not be under-estimated. Over the next two years it is expected that the courses will become available at other TAFE Colleges. Courses are also being developed with the Trade Union Training Authority.

This course development is complementary to any proposed Cooperative College. The effectiveness of a College will depend on a threshold level of cooperators and cooperatives and a capacity to effectively utilise existing educational institutions.

The attempt by cooperatives to be different, however, could be undermined by traditional financial institutions who are unsympathetic to cooperative philosophy and practice. This, then, provides a basis for arguing that cooperative financial institutions should be established and developed. It is the basis for the extremely useful Financial Institutions Review. There are already cooperative financial institutions (credit and building societies) and it is not logical to deny this reality by establishing new financial institutions.

But, the establishment of a cooperative financial institution does not **resolve** the issue of lending practices. While a cooperative financial institution may be sympathetic to cooperatives this sympathy may be based on cooperative ends rather than means. The lending policies and practices of a cooperative financial institution must be related to cooperatives as a means as well as an end. Lending policies must encourage rather than inhibit workplace democracy and the rights of workers. It is not necessarily laudable or cooperative to encourage workers to establish a high individual or collective equity. A major basis for high equity is a philosophical and psychological commitment to Social Darwinism, the survival of the fittest and the incentive to work. But, then, cooperation is based on service rather than profit and a high equity emphasis could undermine this difference.

Under Victoria's Cooperative Development Program loans are provided for capital equipment and working capital and grants for pre-operating and operating costs. There is not unanimous agreement, however, that grants should be available for operating costs such as wages and overheads. Without operating cost subsidies funding would be limited to cooperatives which already had the ability to pay award or industry practice wages. Otherwise cooperatives would self-exploit and pay under-award wages. Encouraging the development of worker cooperatives throughout industry and securing the support of unions for their development depends on the provision of operating grants. While it might be cheaper and safer not to provide grants for operating costs it is ultimately self-limiting and self-defeating.

The Ministry of Employment and Training has been concerned with the long-term financial assistance needs of worker cooperatives in Victoria and commissioned the Collingwood-Richmond-Fitzroy Credit Cooperative to prepare a preliminary report. This report provides a basis for building-upon and developing the work of the Financial Institutions Review. The Victorian Credit Cooperatives Association has agreed to work with MEAT in developing a proposal for future financial assistance for worker cooperatives.

In conclusion, ultimately the appeal of cooperation is an affirmation of faith in the mutual cooperativeness of individuals and groups. A visionary realist, Paul Goodman, has argued for a participatory democracy because the people who perform functions do know best and that "By and large, their free decision will be efficient, inventive, graceful and forceful. Being active and self-confident, they will cooperate with other groups with a minimum of envy, pointless rivalry, anxiety, irrational violence, or the need to dominate."